The number of U.S. households owning mutual funds increased an estimated 1.8 percent between mid-1996 and mid-1997 to stand at 37.42 million. Households owners of mutual funds represented 37.4 percent of all U.S. households in 1997 (Figure 1), compared with 37.2 percent in 1996. An estimated 65.52 million individuals owned a mutual fund in 1997, up from 62.92 million the previous year.

Figure 1
U.S. Households that Own Mutual Funds, 1997

- Fund-owning Households: 37.4%
- Non-fund-owning Households: 62.6%

Total U.S. Households = 99.96 million

Figure 2
Income of U.S. Households that Own Mutual Funds, 1997

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percent of Fund-Owning Households</th>
<th>Percent of All U.S. Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>11</td>
<td>32</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>30</td>
<td>16</td>
</tr>
</tbody>
</table>

Figure footnotes
1 Pre-tax household income for 1996.
2 Includes money market, equity, bond and income, IRA, Keogh and employer-sponsored retirement plan fund owners.
3 The percent of households in each income group is based on the Institute’s survey data, and closely matches the U.S. Census’ 1993 household income data (most recent data available). (See U.S. Census, Current Population Reports, Series P60-189, Income, Poverty, and Valuation of Noncash Benefits: 1994).
Household Income and Mutual Fund Ownership

The vast majority of mutual fund shareholders had moderate income. Nearly 60 percent had household income of $25,000 to $74,999 (Figure 2). Another 11 percent had household income under $25,000. The incidence of fund ownership does, however, tend to increase with income. For example, 72 percent of all households with income of $75,000 or more owned mutual funds, while only 12 percent of all households with income of less than $25,000 owned mutual funds (Figure 3).

More members of each household income group owned equity mutual funds than bond and income funds or money market mutual funds (Figure 4). Ownership of each type of fund tends to increase with household income.

Household Age and Mutual Fund Ownership

More than 80 percent of U.S. mutual fund households were headed by individuals in their primary income-earning years from age 25 to 64, with the heaviest concentration in the 35-to-44 age bracket.
(Figure 5). Four percent of mutual fund households were headed by individuals younger than age 25; fifteen percent were headed by individuals age 65 or older.

The incidence of fund ownership also tends to be higher among U.S. households headed by individuals in their primary income-earning years, especially the 35-to-64 age bracket (Figure 6). In contrast, the incidence of fund ownership is noticeably lower in each segment of households under age 25 or older than age 64.

Although U.S. households in all age groups were more likely to own equity funds than bond and income or money market funds, equity funds were more prevalent among those heads of households age 35 to 64 (Figure 7).
Institute research on a variety of subjects can be obtained by ordering back issues of *Fundamentals*. Contact the Institute’s Research Department at 202/326-5913.

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